STATEMENT OF PURPOSE

RS18977

This legislation triggers the federal-state unemployment insurance extended benefit program under a less-restrictive alternative formula only in periods when the federal government is covering the full cost of federal-state extended benefits. When the federal government is paying 100 percent of these benefits, as it currently is under the federal stimulus bill through 2009, the additional benefit will be triggered when the total unemployment rate for Idaho exceeds 6.5 percent on a rolling three-month average and is at least 110 percent of the average unemployment rate for the same period in either of the two previous years. During times when the federal government covers only 50 percent of the cost of federal-state extended benefits, the trigger for the additional benefit would revert to the more restrictive existing formula. That formula requires the insured unemployment rate to exceed 5 percent on a rolling three-month average and be at least 120 percent of the average rate for the same period in the two previous years. Reverting to the more restrictive insured unemployment rate formula, reduces the drain on the state's Unemployment Insurance Trust Fund while moving to the less restrictive total unemployment rate formula takes advantage of provisions of the American Recovery and Reinvestment Act of 2009. Should the total unemployment rate hit 8 percent on a three-month rolling average, the maximum period for receiving federal-state extended benefits increases from 13 to 20 weeks. Workers would become ineligible for federal-state extended benefits under the total unemployment rate formula immediately upon cessation of the federal government paying the full cost of those benefits.

FISCAL NOTE

There is no impact on the State General Fund. Using the total unemployment rate formula when the federal government pays the full cost of the benefits will keep federal-state extended benefits in effect in Idaho through the last 6½ months of 2009. Currently, long-term unemployed workers will cease being eligible for these benefits in mid-June 2009 when the insured unemployment rate is forecast to drop below 5 percent. The insured unemployment rate formula triggered the benefits on in the first week of February. The total unemployment rate, which exceeded 6.5 percent on a three-month rolling average at the end of March, is forecast to remain above that level through the end of 2009. The extended period of eligibility for federal-state extended benefits under the total unemployment rate formula will pump an additional $14 million to $20 million into the Idaho economy during the second half of 2010.

Contact:
Name: Bob Fick
Office: Idaho Department of Labor
Phone: (208) 332-3570